



HF 185 – State School Aid Allowable Growth Rate (LSB 2059HV.1)
Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.state.ia.us)
Fiscal Note Version – As amended by S-3048

Description

HF 185 as amended by **S-3048** establishes the FY 2012 allowable growth rate applied to each of the regular school aid State cost per pupil amounts at 2.0%.

Background

During the 2010 Legislative Session, the establishment of the FY 2012 regular school aid allowable growth rate was postponed until the 2011 Legislative Session with enactment of **Senate File 2045**. The State school aid appropriation was capped at \$2.499 billion in FY 2011, resulting in a State aid shortfall of \$156.1 million.

Assumptions

- State aid estimates and property tax amounts are based on assumptions that include statewide assessed valuation increases of 3.7% for FY 2012.
- At-risk weighting increases of 3.0% in FY 2012.
- Property Tax Equity and Relief (PTER) funds totaling \$6.7 million in FY 2012.
- Estimates do not factor in school district consolidations or reorganizations that may occur in FY 2012.
- The FY 2012 backfill calculation includes \$156.1 million due to the State school aid appropriation cap, \$47.9 million due to the replacement of remaining American Recovery and Reinvestment Act (ARRA) funds, and \$5.1 million of Underground Storage Tank funds used in lieu of General Fund dollars in FY 2011.

Fiscal Impact

HF 185 as amended by **S-3048** will result in General Fund appropriations for regular school aid and preschool formula aid as follows:

- \$2,335.3 million for regular school aid.
- \$71.3 million for preschool formula aid in FY 2012.

Additionally, school aid property taxes are estimated to total \$1,300.5 million and the combined district cost is estimated to total \$3,962.5 million in FY 2012.

The following table provides a breakdown of State aid, property tax, and combined district cost increases for FY 2012.

Estimated FY 2012 State School Aid Increases	
School Aid Funding - FY 2012	2.0% Allowable Growth Rate
Regular Program	\$ 43.1
State Categorical Supplements	5.0
Preschool Formula	23.0
Total for Program Changes	\$ 71.2
Backfill of State Aid Shortfall	\$ 156.1
Backfill of ARRA	47.9
Backfill of UST	5.1
Total for Backfill	\$ 209.2
Est. School Aid Built-in Increase (State G.F.)	\$ 280.4
Est. School Aid Property Tax Increase	\$ 51.1
Est. Combined District Cost Increase	\$ 80.7

Sources

Department of Education, Certified Enrollment file
Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

March 14, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Iowa Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
